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ED/EC D-126/4

November 21, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

TO: Chairman, Executive Committee

FROM: Chairman, Working Group I

SUBJECT: Comments on the Reports of the EC Ad Hoc Subcommittee on
List Review, ED/EC D-126, 126/1 and 126/2

REFERENCE: ED/EC M-275 and 279

Pursuant to instructions from the EC that WG I comment on the reports of the EC Ad Hoc Subcommittee, WG-I discussed the first three reports of the Ad Hoc Subcommittee in a series of meetings. WG I discussed these reports both as to implications they contained for the general structure of the strategic trade controls system and as to the recommendations they made concerning specific revisions of the COCOM lists.

The following comments summarize the main points and problems that were raised in the WG I discussions of the reports of the Ad Hoc Subcommittee. 1/

(1) Criteria

With regard to the new criterion (a) proposed by the Ad Hoc Subcommittee in ED/EC D-126/1, questions arose as to whether the Ad Hoc Subcommittee would be using a criterion which had not been passed upon in the EDAC structure. The Chairman observed that the new criterion (a) proposed by the Ad Hoc Subcommittee did not reflect the change which the Subcommittee itself had said was desirable; that there had been unanimity in the Subcommittee in reaching its recommendations; and that the Subcommittee's conclusions on the listing of items came out the same way whether the existing agreed COCOM criteria were used or the proposed revised versions of the criteria were used.

1/ WG I comments are reported in greater detail in WG I M-150, 151, 153, 156 and 158.

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The State member noted that in ED/EC D-126/2 there was a comment which seemed to imply, for the first time, that there had been some uncertainty in the Ad Hoc Subcommittee as to the application of the COCOM and U. S. interpretations of the criteria. Also there was a comment which suggested that the Subcommittee felt it might be desirable to introduce a fourth criterion for listing items, namely, desirability of having intelligence information on items. He did not think the Subcommittee had actually used this criterion in formulating its recommendations on listings but he wanted to call attention to the fact that any suggestion for a new criterion would involve a number of ramifications.

(2) Proposed treatment of technical data, as related to criteria and administrative principles.

The consensus of opinion was that the Ad Hoc Subcommittee was acting consistently with its instructions from the EC in formulating a new approach to the treatment of technical data. The Commerce member expressed approval of the changes recommended by the Ad Hoc Subcommittee. He expressed regret that the Subcommittee had applied the new approach on technical data in such a way that no technical data items were specifically listed other than those related to listed commodities.

(3) Policy implications in the treatment of IL II items.

The Chairman stated that the Ad Hoc Subcommittee intended no policy implications in its reports, along the line of abolishing List II. Nevertheless, it was noted that all the reports to date recommended no IL II listings.

(4) Technical justifications for upratings and downratings.

The Chairman noted that the Subcommittee's reports did not contain technical justifications for upratings and downratings, and he presumed that the Subcommittee was preparing fact sheets justifying its recommendations. This meant that it would not be possible at this time, except in certain isolated cases, to review the individual items.

(5) Proposal for a "stricter" Watch List.

The Working Group discussed the watch list proposal which has been made to the EC and which the Ad Hoc Subcommittee adopted in formulating its recommendations on listings. With regards to the pre-licensing requirement that it would entail, the Chairman thought this would not represent a stricter Watch List because most PCs already required pre-shipment licensing. In any event such licensing is automatic and therefore of little significance. It is doubtful that reporting could be made much more prompt than it was at the present time because of all the complications involved in doing so.

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As regards the requirement for an annual review of List III with additions and deletions being made on the basis of a majority vote of the COCOM members, the State member thought this would make the proposal for a "stricter" watch list more palatable to the PCs because it assured them that a majority viewpoint would rule. The Chairman questioned whether the proposal for a formal annual review based on a majority decision would be any improvement over what we had now. He pointed out that under the present approach it was already possible for any PC to propose deletion or upgrading of any item at any time; that our annual review problems under List II would now be transferred to List III with about three times as many items involved; and that, with the record showing no shipments on many items, the List would soon be reduced sharply to some 15 or 20 items. The Defense member responded that an annual review was desirable; that, if an item showed no shipments for a year or two, it was appropriate to delete it, and correspondingly to uprate it if shipments were excessive; and that, on the whole, the Watch List proposal would mean a better List III than we now had and should be tried. In response to an inquiry whether the recommendations made by the Subcommittee for items to be added to List III were conditional on the acceptance of the proposal for a "tightened" Watch List, the Chairman stated his impression that they were not conditional, and that the recommendations would be the same even if the Watch List were not made "stricter".

(6) Item Recommendations.

(a) With regards to six items in the chemicals category that the Subcommittee has recommended be taken off List I and put on Munitions List, a question was raised whether these were the kinds of items that could be termed "arms, ammunition and implements of war." The further question was raised whether, if these were not the type of items that could be put on the Munitions List, the Subcommittee intended that they should not be maintained on List I. The Chairman suggested that the Executive Committee ought to request the Ad Hoc Subcommittee to review these items again in the light of existing criteria because of the doubt whether they would be appropriate for the Munitions List.

(b) With regards to polyethelene which the Subcommittee had recommended for embargo, the Chairman pointed out that when Working Group I last considered this item it had decided, with Commerce and Defense dissenting, that the item did not merit upgrading on the basis of available information; and it had been further agreed that the Working Group would review this item again after Defense had prepared additional data concerning its military uses. This information has not yet been submitted.

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(c) With regards to the transportation category, the State member noted that the Subcommittee had made a number of comments with respect to vessels which seemed acceptable to State. He added that many of the principles listed by the Subcommittee were already in existence. The Commerce member expressed the feeling that in the past the transportation category had been treated as one of the sectors of the economy of communist countries which was of higher importance than the average, and that the advice contained in the Subcommittee Report and the CIA study did not give transportation quite the same standing, in terms of strategic importance, as in the past. The CIA member remarked that transportation was not being downgraded as much as the Commerce member seemed to imply, that the Subcommittee's report did not under-rate the strategic significance of the transportation category, and that it had recommended for embargo those items which the Subcommittee felt were really telling items.

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